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SUPPLEMENT TO
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Soviets Plan to Dump Consumer Goods

1. It is now clear that the Soviets are planning to proceed on a large-scale dumping program in an attempt to undersell their Austrian competitors. Aside from cutting prices on unsalable USIA products, USIA is also preparing to release large quantities of foodstuffs, textiles, shoes and leather goods through USIA-controlled retail sales outlets. In fact, Intrac G.m.b.H. is now arranging to import large quantities of these commodities specifically for this purpose. (1)

2. Current Production of Firms Administered by A/O Avtovelo, Automotive and Fine Mechanics Department of USIA

a) Kromag A.G. now has a Soviet order for 1,500 winches and in order to fulfill this large order, USIA has ordered Kromag to increase its output to 20 winches per month. Since AEG Union can deliver only 15 electric winch motors per month, USIA plans to purchase additional motors from Engr. Theodor Sternbach, Vienna III, Jacquingasse 15, to meet Kromag's requirements. On 6 June 1950 Kromag A.G. delivered seven winches, valued at a total of 450,000 schillings, to the A/O Autovelos Sales and Purchasing Office and a short time ago 10,000 twist drills, 3 to 15 millimeters in diameter, to Juschweschtrans, Soviet-controlled Vienna transport firm, for shipment to Stanko Import, Moscow.

Although Kromag is working full time on large Soviet orders for winches, pipe and twist drills, it is actually operating at a loss and cannot pay its employees' wages. According to USIA's accounts, Kromag has no bookkeeping credit and its assets exist only on paper. It is said that one reason for Kromag's financial predicament is that this firm has no schilling income because very few Kromag products are sold on the Austrian market.

b) Although Austro-Fiat is fully occupied with large orders from Hungary, it is rumored that the Austrian Government has made inquiries regarding the production of box cars (Kastenwagen), garbage trucks, and 1½-ton Borgward trucks, vehicles which are not manufactured in Austria at the present time. (2)

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c) Vardmax, a Polish export-import firm, has advised Hirtenberger Patronenfabrik that it is interested in purchasing 2,000,000 percussion caps for \$8.71 per 1,000 and 2,000,000 air rifle bullets for \$0.90 per 1,000.

d) Peter Ginzler recently lost an order for 20,000 pairs of beet-cutting knives to Ing. Lipowsky G.m.b.H., Vienna XXI, Brünnerstrasse 46-48, because of its high prices and inability to guarantee delivery in less than six months.

Trade with Hungary

3. USIA officials expect to receive official confirmation of an order recently submitted by Mögurt N.V., Budapest, Szefu utca 5, for 250 Austro-Piet trucks and 60 hydraulic dump trucks, street sweepers and street sprinklers from the Hungarian Government during the first week of July 1950. (3) If this transaction is completed, "Intrac" Gesellschaft fuer Internationalen Waren-austausch und Groushandel m.b.H. will handle the compensation arrangements on behalf of A/O Avtovelo. USIA has agreed to deliver four trucks per month to Mögurt N.V. Although A/O Avtovelo is asking 186,400 schillings for each truck and an additional 14,000 schillings for seven tires, Mögurt has offered to pay 4,000 dollars, i.e. 112,000 to 118,000 schillings per vehicle, which is an average world market price. So far no agreement has been reached regarding the price of these vehicles.
4. Engr. Jobies has advised the Sales and Purchasing Office from Budapest that he is trying to sell 3,500,000 schillings' worth of Wiener Werkzeug- u. Werkzeugmaschinenfabrik tools to several Hungarian firms. (4)
5. Intrac recently informed the A/O Avtovelo Sales and Purchasing Office that it has a Hungarian customer for buses. Intrac has already procured compensation goods to be exchanged for 40 of these buses and Colatz, Soviet director of Steyr-Daimler-Puch, is preparing to increase this firm's output of bus bodies.
6. Sydor and Horvai (sic) of "Elektroimpex", Aussehandelsgesellschaft fuer Elektrische und Feinmechanische Erzeugnisse, Budapest V, Zrinyi-utca 7, has advised A/O Avtovelo officials that this firm is interested in purchasing the anaesthetizing apparatus now being manufactured by Draeger G.m.b.H.

Prospective USIA Customers and Suppliers

7. a) Guenter v. Schulz, Hamburg, Germany, wishes to purchase circular saws from Peter Ginzler for shipment to Argentina.
- b) The Watson Stillman Company of Roselle, New Jersey, represented by Karl Lachnit, Vienna III, Oberzeilergasse 4, is interested in selling its products to USIA for schilling payment.
- c) One Baumann, representing the Ost-West Handelsagentur, Vienna W, Koenigs-Klosterergasse 7/13, recently offered sheet metal, ball bearings and other commodities to A/O Avtovelo and gave as a reference Redlich, a Communist who is employed as an interpreter by the USIA Metallurgical and Coal Administration.

Illegal Import-Export Transactions

8. a) A/O Avtovelo is still importing foodstuffs for Fritz Durst and is now arranging to import 200 tons each of wines, lemons, and other fruit duty free for this firm. (5)
- b) Engr. Vreca is also trying to persuade A/O Avtovelo to provide duty free clearance (Freischreibung) for the import of 1,000 tons of sugar and the export of 100 tons of sheet metal to Trieste. (6) He is also interested in importing rice straw (Stroh) from Hungary.
- c) Dr. H. & H. Putz, Getreide-Futtermittel-Kontor, Vienna IX, Alserbachstrasse 41, grain dealers, has asked A/O Avtovelo to import foodstuffs duty free and has offered to purchase USIA products as compensation for this service.

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- d) "Chemolimbex" Nationalunternehmen fuer den Aussenhandel von Mineraloelen und Chemikalien, Budapest V, Nador-utca 2, Hungarian chemical monopoly, has asked A/O Avtovelo to procure hard rubber plates and sticks from Carl M. Poche, Gummiwaren-Grosshandlung, Vienna XVI, Thaliastrasse 2.

Personnel Changes in USIA Headquarters

9. The following Soviet officials of USIA's Electrical Industry Administration have suddenly been recalled to the USSR: Shurin, General director of the Electrical Industry Administration; Sharikov, General director of the Sales and Purchasing Office; and Ivanov, Commercial director of the Sales and Purchasing Office. It is reported that the former Soviet director of the Stadlau plant of AEG Union Elektricitats-Gesellschaft, one Alexandriev or Alexandrov, has been appointed General Director of the Electrical Industry Administration of USIA.
10. Skirdkov, general director of A/O Avtovelo, Automotive and Fine Mechanics Department of USIA, is on vacation. Tkatchenko, former Soviet general director of the Wiener Lokomotivfabrik, is now serving as Skirdkov's deputy at USIA Headquarters.
11. During the second week of June 1950 a group of accountants arrived in Austria from the USSR to audit the books of all USIA enterprises.
- 25X1A (1) [REDACTED] dated 14 July 1950, regarding various textile imports which USIA has sponsored for "Letex" Ein- und Verkaufszentrale der vereinigten Leder- und Textilfabriken, Vienna IV.
- 25X1X
- 25X1A (2) [REDACTED] Comment: [REDACTED] dated 1 July 1950, Austro-Fiat released 15 employees on 23 June 1950 and 20 more a week later. Monthly output at this plant has dropped from 70 to 45 vehicles.
- 25X1A
- 25X1A (3) [REDACTED] Comment: [REDACTED] for a previous account of USIA's negotiations with Agurt N.V.
- 25X1X (4) [REDACTED] Comment: Engr. Dobias, an A/O Avtovelo salesman, has been in Budapest since 21 June 1950. Dobias allegedly served at one time as a major in the Soviet Air Force and while he was in the USSR he became acquainted with Kessler, Fuerst and Jellinek of Intrac.
- 25X1A (5) [REDACTED] Comment: For a previous report on Fritz Durst, see [REDACTED] 25X1A
- 25X1A (6) [REDACTED] Comment: Engr. Vreca is undoubtedly identical to Engr. Wretscha 25X1A who, [REDACTED] was reported to have concluded a Freischreibung agreement with USIA's Food Industry Administration.

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